

Item:



Finance, Administration and Audit Committee Report

DATE: Wednesday, June 06, 2018

WARD(S): ALL

TITLE: 2018 Adoption of Tax Rates and the Issuance of Property Tax Notices – All Wards

FROM:

Laura Mirabella, Chief Financial Officer and City Treasurer

ACTION: DECISION

Purpose

The purpose of this report is to provide the background to a by-law as required under Section 312 of the *Municipal Act, S.O. 2001*, to levy and collect property taxes for the City of Vaughan, the Regional Municipality of York and Province of Ontario for education purposes.

Report Highlights

- The efficient and timely issuance of the final property tax levy is essential by ensuring necessary funds are levied and collected in order for the City to meet its obligations in delivering programs and services to the community. It also provides the necessary cash flow to meet the City's own needs and its financial obligations to the Region of York as well as the Province of Ontario with respect to education purposes.
- The total 2018 levy requirement for the City, including the portion for the hospital, is approx. \$199 million, net of the portion required by the Region and Province.
- An interim billing of approx. \$95 million (net of regional and education portions) was levied in February 2018 and will be shown as a reduction on the final tax bill.

Recommendations

1. That a by-law be enacted for the adoption of Municipal, Regional and Education property tax rates, as submitted in Attachment 1. Such by-law permits staff to proceed with the issuance of the final property tax bill.

Background

The City property tax rates, as attached, are based on the levy requirement as per the approved 2018 operating budget and calculated utilizing the 2018 assessment roll as provided by the Municipal Property Assessment Corporation (MPAC). An interim tax levy, pursuant to City of Vaughan By-law 003-2018, was levied in February 2018 and will be shown as a reduction on the final tax bill.

The Region of York has approved their By-laws (2018-35, 2018-36) which confirm the region wide tax ratios and sets the uniform tax rates across all municipalities in the Region. In addition to existing policies for property tax capping options for business properties, the Region approved and adopted the provincial legislation that will allow a property to remain at full Current Value Assessment (CVA) tax once the property achieves full CVA tax. These properties will no longer qualify for the Capping program. These policies remain in effect for the tax year 2018.

The Province of Ontario determines education tax rates and has passed Ontario Regulation 26/18 to prescribe the tax rates for all classes for 2018.

It is expected that residential, farm, managed forest and pipeline (uncapped classes) property tax bills will be mailed in June, due in three monthly instalments or paid through one of the City's pre-authorized payment plans.

Due to the ongoing capping protection for the commercial, industrial and multi-residential property classes, these bills will be produced following the residential bills. Staff expect to be mailing the non-residential bills in July providing three instalment due dates.

The City collects property taxes on behalf of the Region of York and the York Region school boards, therefore instalment due dates are generally set to accommodate the legislated payment dates to these other levying bodies. However, for the convenience of the ratepayers, approximately one month between each instalment is given. Due dates are generally the same day of each month except where weekends or holidays interfere.

Previous Reports/Authority

2017 Tax Rate By-law

<https://vol.vgn.cty/departments/FS/Policies/2017%20Final%20Tax%20Rate%20By-law%200076-2017.pdf#search=bylaw%20final%20tax%20rates%202017>

2017 Adoption of Tax Rates and Issuance of Property Tax notices – All Wards

https://vol.vgn.cty/departments/OCC/Council%20Secretariat/Extracts%20Library/2017/Finance/06Finance0606_17ex_full.pdf#search=adoption%20of%20final%20tax%20rates%202017%20extract

Analysis and Options

The City's budgetary requirement is \$198,738,935 (\$191,650,052 + \$7,088,883 for hospital) levied on just over \$91 billion in assessment. The 2018 levy requirements for Municipal, Regional, and Educational purposes are shown below:

	2018	
City of Vaughan	\$198,738,935	23.65%
Region of York	\$335,776,336	39.97%
Education-Province of Ontario	\$305,640,875	36.38%
Total	\$840,156,146	100.00%

Tax Ratios

The Region of York has the authority to change tax ratios to offset re-assessment tax shifts among the property classes according to tax policy requirements within provincial legislation. Changing the tax ratios assists in maintaining the relative tax burden among the classes thereby providing greater taxpayer equity. However, as specified in the Provincial Regulation, the Region can only move the ratios within or closer to the "Range of Fairness". Area Treasurers were consulted and it was determined that the tax ratios will remain at Revenue Neutral for the 2018 taxation year. This will allow York Region municipalities to retain the same distribution of taxes between property classes that existed in the 2017 taxation year. This is a hybrid model in that there is no change to the ratios for Pipelines, Farm and Managed Forest as they remain at Status Quo (same as the 2017 tax year).

The 2018 property tax ratios are as follows:

Property Class	2018 Tax Ratio	Ranges of Fairness
Residential	1.000000	1.0000
Multi-Residential	1.000000	1.0 to 1.1
Commercial	1.232300	0.6 to 1.1
Industrial	1.497300	0.6 to 1.1
Pipelines	0.919000	0.6 to 0.7
Farm	0.250000	0.2500
Managed Forest	0.250000	0.2500

The tax rates shown on Attachment 1, have been established using the above noted levies, tax ratios and the final assessment roll as returned for 2018.

Vaughan Healthcare Centre Precinct Development Levy

The Government of Ontario requires local communities to support the development of hospitals in their community. In 2009, Council approved a funding option towards the Vaughan Hospital Precinct Development Plan which is to be raised through a dedicated property tax rate. Approximately \$7,088,883 will be collected on the 2018 final property tax bill excluding payment-in-lieu and supplemental payments. This contribution does not

form part of the City's operations and as such will be shown separately on individual property tax bills. This equates to approximately \$55 for the average home in Vaughan.

Financial Impact

The total 2018 levy requirement for the City, including the portion for the hospital, is approx. \$199 million, net of the portion required by the Region and Province. An interim billing of approx. \$95 million (net of regional and education portions) was levied in February 2018 and will be shown as a reduction on the final tax bill.

Broader Regional Impacts/Considerations

The City of Vaughan will be collecting approx. \$335,776,336 in property taxes on behalf of the Region of York.

Conclusion

A by-law enacted to adopt the Municipal, Regional and Provincial (education) tax rates and levies for 2018 will permit staff to proceed with the issuance of the final property tax bills.

The issuance of the final property tax levy supports the strategic priorities established by the Service Excellence Strategy Map, in particular to ensure "Financial Sustainability".

For more information, please contact: Dean Ferraro, Director of Financial Services/Deputy Treasurer at ext.8272 or Maureen Zabiuk, Manager, Property Tax & Assessment at ext 8268.

Attachments

1. 2018 Property Tax Rates

Prepared by

Maureen Zabiuk, A.I.M.A., CMRP
Manager, Property Tax & Assessment
Ext. 8268

C I T Y O F V A U G H A N

2018 TAX RATES

ASSESSMENT CATEGORY	TAX CODES	TAX RATES					
		Municipal GENERAL	Municipal HOSPITAL	Municipal TOTAL	Regional	Education	TOTAL
Residential							
Taxable Full	RT	0.00200114	0.00007402	0.00207516	0.00350606	0.00170000	0.00728122
Taxable: Shared Payment-In-Lieu	RH	0.00200114	0.00007402	0.00207516	0.00350606	0.00170000	0.00728122
Multi Residential							
Taxable Full	MT	0.00200114	0.00007402	0.00207516	0.00350606	0.00170000	0.00728122
New Multi Residential							
Taxable Full	NT	0.00200114	0.00007402	0.00207516	0.00350606	0.00170000	0.00728122
Commercial							
Commercial Taxable Full	CT,DT,ST	0.00246600	0.00009122	0.00255722	0.00432052	0.00966480	0.01654254
Commercial: Taxable Shared Payment-In-Lieu	CH	0.00246600	0.00009122	0.00255722	0.00432052	0.00966480	0.01654254
Commercial: Taxable Excess Land	CU,DU,SU	0.00172621	0.00006384	0.00179005	0.00302436	0.00676536	0.01157977
Commercial: Taxable Vacant Land	CX	0.00172621	0.00006384	0.00179005	0.00302436	0.00676536	0.01157977
Commercial: Taxable Farmland I	C1	0.00050029	0.00001851	0.00051879	0.00087651	0.00042500	0.00182030
Commercial New Construction: Taxable Full	XT	0.00246600	0.00009122	0.00255722	0.00432052	0.00966480	0.01654254
Commercial New Construction: Taxable Excess Land	XU	0.00172621	0.00006384	0.00179005	0.00302436	0.00676536	0.01157977
Office Building New Construction: Taxable Full	YT	0.00246600	0.00009122	0.00255722	0.00432052	0.00966480	0.01654254
Office Building New Construction: Taxable Excess Land	YU	0.00172621	0.00006384	0.00179005	0.00302436	0.00676536	0.01157977
Shopping Centre New Construction: Taxable Full	ZT	0.00246600	0.00009122	0.00255722	0.00432052	0.00966480	0.01654254
Shopping Centre New Construction: Taxable Excess Land	ZU	0.00172621	0.00006384	0.00179005	0.00302436	0.00676536	0.01157977
Parking Lot: Taxable Full	GT	0.00246600	0.00009122	0.00255722	0.00432052	0.00966480	0.01654254
Industrial							
Industrial: Taxable Full	IT,LT	0.00299631	0.00011083	0.00310714	0.00524962	0.01090000	0.01925676
Industrial: Taxable Shared Payment-In-Lieu	IH	0.00299631	0.00011083	0.00310714	0.00524962	0.01090000	0.01925676
Industrial: Taxable Excess Land	IU,LU	0.00194759	0.00007205	0.00201964	0.00341225	0.00708500	0.01251689
Industrial: Taxable Excess Land Shared Payment-In-Lieu	IK/IJ	0.00194759	0.00007205	0.00201964	0.00341225	0.00708500	0.01251689
Industrial: Taxable Vacant Land	IX	0.00194759	0.00007205	0.00201964	0.00341225	0.00708500	0.01251689
Industrial: Taxable Farmland I	I1	0.00050029	0.00001851	0.00051879	0.00087651	0.00042500	0.00182030
Industrial New Construction: Taxable Full	JT	0.00299631	0.00011083	0.00310714	0.00524962	0.01090000	0.01925676
Industrial New Construction: Taxable Excess Land	JU	0.00194759	0.00007205	0.00201964	0.00341225	0.00708500	0.01251689
Industrial New Construction: Taxable Vacant Land	JX	0.00194759	0.00007205	0.00201964	0.00341225	0.00708500	0.01251689
Large Industrial New Construction: Taxable Full	KT	0.00299631	0.00011083	0.00310714	0.00524962	0.01090000	0.01925676
Pipeline Taxable Full	PT	0.00183905	0.00006802	0.00190707	0.00322207	0.01340000	0.018529140
Farm							
Taxable Full	FT	0.00050029	0.00001851	0.00051880	0.00087651	0.00042500	0.00182031
Managed Forest Taxable Full	TT	0.00050029	0.00001851	0.00051880	0.00087651	0.00042500	0.00182031